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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

20/8
21/8/72

LOK SABHA

The following Report of the Joint Committee on the Bill to provide for the acquisition and transfer of shares of Indian insurance companies and undertakings of other existing insurers in order to serve betttr the needs of the economy by securing the development of general insurance business in the best interests of the community and to ensure that the operation of the economic system does not result in the concentration of wealth to the common detriment, for the regulation and control of such business and for matters connected therewith or incidental thereto was presented to Lok Sabha on the 21st August, 1972:—

COMPOSITION OF THE COMMITTEE

Shri Darbara Singh—Chairman

MEMBERS

Lok Sabha

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Virendra Agarwala
4. Shri S. M. Banerjee

5. Shrimati Jyotsna Chanda
6. Shri Tridib Chaudhuri
7. Shri V. Shanker Giri
8. Shri Jitendra Prasad
9. Shri Purushottam Kakodkar
10. Shri Bibhuti Mishra
11. Shri Jagnnath Mishra
12. Shri Shrikishan Modi
13. Shri Surendra Mohanty
14. Shri S. T. Pandit
15. Shri Chintamani Panigrahi
16. Shri H. M. Patel
17. Shri M. T. Raju
18. Shri Sukhdeo Prasad Verma
19. Shri Vayalar Ravi
20. Shrimati Sushila Rohatgi
21. Dr. Saradish Roy
22. Shri S. C. Samanta
23. Shri Sat Pal Kapur
24. Shri Ram Shekhar Prasad Singh
25. Shri Satyendra Narayan Sinha
26. Shri R. V. Swaminathan
27. Shri Tula Ram
28. Shri V. Tulsiram
29. Shri G. Viswanathan
30. Shri Y. B. Chavan

Rajya Sabh

31. Shri Babubhai M. Chinai
32. Shri Nripati Ranjan Choudhary
33. Shri N. G. Goray
34. Shri Chandramouli Jagarlamudi
35. Shri Kanchi Kalyanasundaram
36. Shri B. K Kaul
37. Shri A. G. Kulkarni
38. Shri Ganesh Lal Mali
39. Shri Balachandra Menon
40. Shri T. A. Pai
41. Shri D. Y. Pawar
42. Shri K. L. N. Prasad
43. Shri V. B. Raju
44. Shri H. M. Trivedi
45. Shri J. P. Yadav

LEGISLATIVE COUNSEL

1. Shri S. K. Maitra, *Joint Secretary and Legislative Counsel, Ministry of Law and Justice.*

2. Shri S. Ramaiah, *Deputy Legislative Counsel, Ministry of Law and Justice.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. R. Yardi, *Secretary (Expenditure).*
2. Shri A. Rajagopalan, *O.S.D. & Additional Secretary.*
3. Shri M. K. Venkateshan, *Joint Secretary.*
4. Shri C. S. Anantapadmanabhan, *Controller of Insurance.*
5. Shri R. K. Mahajan, *Deputy Secretary.*

SECRETARIAT

Shri P. K. Patnaik—*Joint Secretary.*

Shri H. G. Paranjpe—*Deputy Secretary.*

REPORT OF THE JOINT COMMITTEE

I, the Chairman of the Joint Committee to which the Bill* to provide for the acquisition and transfer of shares of Indian Insurance Companies and Undertakings of other existing insurers in order to serve better the needs of the economy by securing the development of general insurance business in the best interests of the community and to ensure that the operation of the economic system does not result in the concentration of wealth to the common detriment, for the regulation and control of such business and for matters connected therewith or incidental thereto, was referred, having been authorised to submit the report on their behalf, present their Report with the Bill, as amended by the Committee, annexed thereto.

2. The Bill was introduced in Lok Sabha on the 29th May, 1972. A motion for suspension of the first proviso to Rule 74 of the Rules of Procedure and Conduct of Business in Lok Sabha in its application to the motion for reference of the Bill to a Joint Committee of the Houses was moved in Lok Sabha by Shri Y. B. Chavan, Minister of Finance on the 30th May, 1972 and was adopted.

Thereafter, the motion for reference of the Bill to a Joint Committee of the Houses was moved in Lok Sabha by Shri Y. B. Chavan, Minister of Finance on the 30th May, 1972 and was adopted.

3. Rajya Sabha concurred in the said motion on the 1st June, 1972.

4. The message from Rajya Sabha was published in Lok Sabha Bulletin Part II, dated the 2nd June, 1972.

5. The Committee held nine sittings in all.

6. The first sitting of the Committee was held on the 19th June, 1972 to draw up their programme of work. The Committee decided that associations, organisations, companies, Chambers of Commerce & Industry, and individuals interested in the subject matter of the Bill and desirous of submitting memoranda thereon for the consideration of the Committee might do so by the 10th July, 1972. The Committee also decided that out of those associations, organisations, etc. who may send their memoranda, the Chairman might select a few and invite them to give oral evidence before the Committee on the 17th, 18th and 19th July, 1972.

7. 46 Memoranda on the Bill were received by the Committee from various associations, organisations etc.

*Published in the Gazette of India, Extraordinary, Part II, Section 2, dated the 29th May, 1972.

8. At their second, third and fourth sittings held on the 17th, 18th and 19th July, 1972 respectively, the Committee heard the evidence given by 13 associations, organisations, etc.

9. At their fourth sitting, the Committee decided that (i) the evidence given before them might be laid on the Tables of both the Houses; and (ii) two copies each of the memoranda received by the Committee from various associations, organisations, etc. might be placed in the Parliament Library, after the Report of the Committee was presented.

10. The Committee considered the Bill clause-by-clause at their sittings held on the 20th July and 16th and 17th August, 1972.

11. The Report of the Joint Committee was to be presented by the 31st July, 1972. The Committee were granted extension of time on the 31st July, 1972 upto the 21st August, 1972.

12. The Committee considered and adopted the Report on the 17th August, 1972.

13. The observations of the Committee with regard to the principal changes proposed in the Bill are detailed in the succeeding paragraphs.

14. *Clause* 3.—The Committee feel that the Act should be made effective as early as possible and, for that purpose, there should be an overall time-limit beyond which the implementation of the Act may not be delayed. Therefore, in the definition of "appointed day" in part (b) of this clause, they have inserted the words "not being a day later than the 2nd day of January 1973".

15. *Clause* 4.—The amendment is clarificatory.

16. *Clause* 7.— *Sub-clause* (1).—It has been made clear that the reference is to the Indian insurance company.

Proviso to sub-clause (1).—The Committee feel that every employee should decide before the appointed day as to whether he would like his services to be transferred to the Indian insurance company. The proviso has been amended accordingly.

Sub-clause (2).—The Committee feel that there should be some time limit within which such a question can be referred to the Central Government for decision. They feel that a period of two years from the appointed day would be reasonable for the purpose. The sub-clause has been amended accordingly.

Other amendments made in this clause are of drafting or clarificatory nature.

17. *Clause* 8.—The Committee feel that there should be some provision that if any employee of the existing insurer does not become an employee under the nationalised set-up, there should be suitable apportionment of the assets belonging to the provident, superannuation or other funds in which he has interest.

A new sub-clause (1A) has accordingly been inserted.

Other amendments made in this clause are of drafting nature.

18. *Clause* 9.—According to the existing provisions of the Bill, the General Insurance Corporation has to be formed after the appointed day. Since it is the duty of the Corporation to distribute the amounts to shareholders and since such payments to shareholders would fall due on the appointed day it would be necessary to ensure that the Corporation comes into existence before the appointed day. The amendment made seeks to ensure that the Corporation may be established before the appointed day.

A new sub-clause (3) has been inserted providing that the requirement of the Companies Act, 1956, to add "Limited" as the last word of the name of a company need not be complied in the case of the General Insurance Corporation, although it would be formed and registered as a Company under that Act. The existing sub-clause (3) has been omitted.

19. *Clause* 10.—This amendment is consequential to amendment made in clause 9 whereunder the Corporation will be formed before the appointed day.

20. *Clause* 11.—Amendment made in this clause is a verbal correction.

21. *Clause* 13.—The existing clause empowers the full payment to shareholders whose claims do not exceed Rs. 25,000 but in the case of shareholders whose claim exceeds Rs. 25,000, the amount is to be paid to them in three equal instalments. The Committee feel that this provision would result in discrimination between small shareholders and big shareholders and that the discrimination should be removed by providing that every shareholder, whose claim does not exceed Rs. 25,000, be paid in full, and where the claim of the shareholder exceeds Rs. 25,000, he should be paid Rs. 25,000 and the balance should be paid to him in three equal annual instalments.

Amendments have also been made in this clause to clarify that the amount payable to Indian insurance companies should be paid in cash; the payment of the amount will fall due on the appointed day; and interest will be payable on all delayed payments. Further, the Committee feel that there should be a time-limit within which payment of amount is to be made to foreign insurers. They consider that payment should be made within three months from the appointed day.

The clause has been amended accordingly.

22. *Clause* 14.—The Committee feel that practical difficulties with regard to the distribution of the amount would arise unless the resolution is passed before the appointed day or the meeting is convened thereafter with the approval of the Central Government. The amendment seeks to avoid that difficulty. The other amendment in the clause is of a drafting nature.

23. *Clause* 15.—Since it is the Corporation which will distribute the amount, the amendment clarifies that the responsibility for depositing the amount in court would rest with the Corporation.

24. *Clause* 16.—Since the General Insurance Corporation is also a company, the amendment clarifies that the four companies referred to in this clause are in addition to the Corporation.

25. *Clause* 18.—The Committee consider that the words "by way of guidance" are inconsistent with the idea of a direction. These words have, therefore, been omitted.

26. *Clause* 19.—The amendment is of a verbal nature.

27. *New Clauses* 22 *and* 23.—The Committee feel that there should be provision in the Bill to empower the Central Government (i) to transfer employees from the Corporation to the acquiring companies or *vice versa*, or from one acquiring company to another, if such transfer is desirable in the best interests of the nationalised set up; and (ii) to give directions to the Corporation as well as to the acquiring companies in regard to matters of policy involving public interest.

These two new clauses have accordingly been inserted.

28. *Clause* 24 (*Original Clause* 22).—The amendment has been made in order to ensure that the sub-clause (2) will not affect the Life Insurance Corporation, in so far as it carries on life insurance business or capital redemption and annuity certain business.

29. *Clause* 25 (*Original Clause* 23).—The amendment is of a verbal nature.

30. *Clause* 27 (*Original Clause* 25).—Since more than a year has elapsed after take over of the management by Government, all policies issued prior to 13th May, 1971 would have expired and there will be only outstanding liabilities. The words "amounts of insurance" are therefore considered to be inappropriate. They have been substituted by the words "liabilities which have arisen".

31. *Clause* 28 (*Original Clause* 26).—The existing clause empowers the acquiring company to apply for relief against fraudulent or onerous transactions entered into within three years immediately before the date on which the management of the undertakings of the general insurance companies was taken over by the Central Government. The Committee feel that since the possibility of the nationalisation of general insurance business was already in the air for the last three years, a time-limit of three years for the avoidance of fraudulent or onerous transactions would not be sufficient. The Committee, therefore, feel that this period should be extended to five years.

The clause has accordingly been amended.

32. *Original Clause* 27.—The existing clause empowers the repatriation of assets of foreign insurers. The Committee feel that no statutory provision for repatriation of such assets is necessary because the matter may be regulated by administrative orders.

The clause has, therefore, been omitted.

33. *Clause* 31 (*Original Clause* 30).—The words "or other employee" have been inserted to make the intention clear.

34. *Clause* 33 (*Original Clause* 32).—The amendment is of a verbal nature.

35. *Clause* 35 (*Original Clause* 34).—A number of witnesses who gave evidence before the Committee expressed a fear that the sections other than those referred to in sub-clause (1) of original clause 34 might not be applied to the Corporation and its subsidiaries, *i.e.*, the Central Government might not take action promptly to implement the provisions of sub-clause (2). The Committee have, therefore, made a more positive provision that all the provisions of the Insurance Act would apply to the Indian insurance companies, subject to such exceptions, restrictions and limitations, if any, as the Central Government may, by notification, specify.

36. *Clause* 36 (*Original Clause* 35).—This clause exempts the general insurance business carried on by a State Government in relation to its properties or undertakings wholly or mainly owned by it. The Committee feel that this exemption should also extend to the properties belonging to the semi-government bodies, State statutory Boards or bodies and industrial and commercial bodies wherein the State Government has a substantial financial interest, whether as a shareholder, lender or guarantor. Sub-clause (1) (a) has been amended accordingly.

Amendment in sub-clause (1) (b) has also been made because State Governments are carrying on business after 13th May, 1971 and they should be allowed to do so till the commencement of the Act.

Amendment in sub-clause (1) (e) seeks to correct the names.

Amendment in sub-clause (2) is of a clarificatory and drafting nature. The amendment seeks to clarify that the insurers in question would be exempt from all the provisions of the Act.

37. *Clause* 39 (*Original Clause* 38).—The Committee feel that original clause 38(2) (a) is not necessary because the Central Government is giving the amount by way of capital to the Corporation and not in the form of loan. It has, therefore, been omitted.

38. *New Clause* 40.—Section 14 of the General Insurance (Emergency Provisions) Act, 1971 prohibits the Controller of Insurance from issuing any new Certificate of Registration. Once the Bill is passed into law, the Controller of Insurance will have to issue Certificates of Registration to the Corporation and acquiring companies and possibly also to any insurers exempted under original clause 35(2). Hence, section 14 of that Act is sought to be omitted.

39. *The Schedule*.—The Committee have amended the Schedule.

40. *Clause* 1.—The Committee feel that in view of the changes proposed in the Bill, it is necessary to ensure that the Act may come into force as soon as it received the assent of the President. Sub-clause (2) of this clause has therefore been omitted.

41. The Joint Committee recommend that the Bill. as amended. be passed.

DARBARA SINGH,
Chairman,
Joint Committee.

NEW DELHI;
August 21, 1972
Sravana 30, 1894 (*Saka*)

MINUTES OF DISSENT

I

We are definitely of the opinion that the amount to be paid for nationalisation of general insurance business is too high and without any rational basis. The last-minute amendment to the Schedule of the Bill is nothing but a calculated surrender to the big business houses. The Government did not disclose the principles on the basis of which the amounts payable have been calculated. Since under the Constitution of India, as amended, the question of adequacy of the amount payable cannot be questioned, there is no reason to fix the amount payable at so high figures as has been done in the Bill. The interests of small shareholders of the different insurance companies could have been protected and no reasonable ground exists or have been put forward for paying unconsciously inflated amounts to holders of large-blocks of shares, which are nothing but the holdings of big business houses.

Further, so far as foreign insurance companies are concerned, the amounts fixed to be paid to them, are not only disproportionately high, but they are being allowed to receive payments directly at a time. The foreign companies did not generally build up reserves in this country and no reasonable basis exists or has been suggested for the preferential treatment to foreign monopolists or big business houses who have never taken the interests of this country into consideration. This token amounts, if at all should have been paid to the foreign insurance compaies.

The provision in the Bill regarding the setting up of a Corporation and further insurance companies, numbering four, is most objectionable not only from the practical point of view of proper management of general insurance business in this country but also at it seeks to create artificial divisions, the real object of which is to create divisions amongst the employees and the staff. Setting up of more than one unit will not only give rise to unhealthy competition amongst the units but will also result in unnecessary setting up of top-heavy administration. It is significant that almost all the trade unions or employees organisations have opposed the proposal of setting up more than one company.

Clause 22 of the Bill has clearly the object of keeping the employees at the mercy of the Central Government. No reason exists nor has been put forward why the Central Government should acquire the right of control even with regard to what should ordinarily be routine matters. This provision will naturally rouse grave suspicions in the minds of the employees, as such powers in a very large number of cases existed not for bonafide purposes but by way of victimisation. So we suggest that this clause should be deleted.

SARADISH ROY

TRIDIB CHAUDHURI

NEW DELHI

August 18, 1972.

II

After a careful examination of such relevant data as were placed before the Committee and of the evidence that was tendered by both Indian and foreign witnesses, I find it difficult to resist the conclusion that the majority view expressed in the Report on Section 11 and the attached Schedule is neither a correct view nor a fair and reasonable view. I am, therefore, compelled to append the following minute of dissent.

Clause 11 of the Bill together with Parts A and B of the Schedule indicate the amounts to be paid to the Indian and foreign insurance companies for the transfer of shares of each Indian insurance company and in the case of foreign insurance companies for the transfer and vesting in the Central Government of each such undertaking. No clarification was given to the members of the Joint Committe by the Government of the basis of or the principles underlying the determination of the amounts. It would appear, however, from a study of the amounts, as set out in the unamended schedule, that they were determined in some such manner as is indicated in the following two paragraphs. The amended schedule gives larger amounts to some 33 companies, but the basis on which the additional amounts are given is wholly inexplicable and arbitrary. The 33 companies concerned benefit in varying degrees, but the new revised schedule continues to suffer from all the shortcomings of the original schedule.

In so far as the mutual insurance companies are concerend, the paid to each of them appear broadly to equal 9 times the average of the dividends paid by each of them during the year 1967, 1968 and 1969. If in the case of any company 9 times the average dividends was found to be less than the company's paid up capital, the amount payable appears to have been fixed at the paid up capital of such company. Where an Indian insurer was found not to have declared any dividend during the years in question the amounts payable to such company appear to have been fixed at their issued capital.

In so far as the mutual insurance companies are concerned, the amounts to be given to them appear to be determined in a wholly arbitrary manned.

The amounts payable to the foreign insurers appear to have been fixed broadly at 9 times the net profits earned by them during the years 1967, 1968 and 1969.

The Joint Committee had no other data nor were any clarifications given to assist them in determining whether the amounts to be paid for the acquisition of the companies were equitable, or fair or reasonable. It was fortunate for the Committee that many of the memoranda received by it were drawn up with great care and study and whether one agreed with their approach or not, they certainly furnished valuable data, carefully analysed for arriving at a reasonable appreciation of the problems that had to be considered by the Committee.

On a study of the amounts proposed to be given to insurance companies, foreign and Indian, and of such financial data as were available in respect of them the following conclusions emerged:

(1) The 'amounts' shown against the foreign insurers as compared to the 'amounts' shown against Indian insurers leave no room for doubt that the former have been more favourably treated. It is difficult indeed to understand why it has been decided to discriminate against our own nationals. Never before has a country been known to favour foreigners as against its own nationals. As the amount receivable by the foreign insurers has been fixed on the basis of the net profits without any deduction whatsoever multiplied by the factor of 9. it is easy to see that the quantum of the difference would be quite considerable as dividends are paid after making provision for reserves, etc., and such provisions have been known to amount to as high as percentage of the net profits as 66. There is no warrant for such discrimination. No attempt was made by the Government to explain to the Committee its reasons for such discrimination. The fair thing to do would be to remove this discrimination and to give Indian insurers 'amounts', on the same basis as the foreign insurers.

(2) It is obvious that those Indian insurers who acted imprudently and declared larger dividends carrying less to reserves, receive larger amounts than those who acting more prudently carried larger sums to reserves. If our assumption for the formula adopted between Indian insurers is correct, there can be no room for doubt that we shall have rewarded the underserving, and punished those who will have contributed larger assets to the new General Insurance Corporation. Indeed so blatantly unjust and unfair is the operation of the 'formula' that for instance one company receives an 'amount' which is equal to 7 per cent of its net assets while another receives an amount equivalent to 88 per cent of its net assets. The formula is clearly deficient in that the amount payable to a company bears no relation whatsoever to the assets that the companies bring in to the new corporation.

(3 As between Indian insurers themselves it is found that some receive for larger amounts than others for no reasons that are self-evident. It may be admitted that there will always be marginal cases of injustice in operating any formula, however carefully devised. And where an injustice is apparent the fair thing to do would be to deal with such marginal cases in a special manner, and not let them be affected adversely for no fault of theirs.

Under Article 31 of the Constitution as it now stands, the responsibility of the Parliament becomes far greater than before. It has now become the responsibility of the Parliament itself to see that any enterprise or private property taken over for a public purpose and in pursuance of the objectives specified in sub-clauses (b) and (c) of the Directive Principle No. 39 is compensated by an amount which is fair and reasonable for it should not be forgotten that the right to private property has not yet been abolished. And it was made clear in the course of the debate in the Parliament when the Twenty-fifth Amendment was discussed that the object to the amendment was not to expropriate or to confiscate but only to see that Government was not required to pay as compensation prohibitive sums which would act as a deterrent to the execution of important and very essential social and economic objectives of the

Government. It is on the basis of this undertaking of Article 31 as it now stands, that I venture to suggest that the amounts shown as payable to Indian companies as a whole are grossly inadequate. I suggest that a basis fair to both insurers and also to Government would be to determine the amounts in such a way that they would be generally accepted as fair and just. To my mind, the only proper basis would be to fix the amounts at the level of assets minus liabilities as on 2nd January,, 1973, that is the date of take over of the business. The assets and liabilities could be calculated on the lines of the provisions contained in Section 52 (J) of the Insurance Act, 1938.

NEW DELHI; H. M. PATEL.
August 18, 1972.

III

The quantum of compensation proposed in the new Schedule for the Insurance Companies has been determined on an arbitrary basis. The Government claims that a common basis for compensation has been provided both for indigenous and foreign insurers. But the process of its determination has been shrouded in an esotericism; which has not enabled the Joint Committee to scrutinise the schedule objectively. After having received vast sums at the rate of Rs. 30 lakhs per month, for surrendering the management of the Companies, extending over a period, payment of further compensation on such a generous scale, is unconscionable. In the name of 'poor shareholders' insurance magnates have been able to receive about Rs. 39 crores as compensation which does not fit in exactly with the intentions of the 25th Amendment of the Constitution.

The "appointed day" for the effectiveness of the Act has been fixed in clause 3, not being a day later than 2nd day of January, 1973, which in effect means the continuance of the Insurance Companies till that date. This could entail continuous payment for acquiring the management which will be in addition to the compensation proposed. The appointed day should therefore be advanced suitably, particularly in view of clause 9. which ensurers that the Corporation may be established before the appointed day.

NEW DELHI; SURENDRA MOHANTY.
August 18, 1972.

IV

I have read with a sense of disappointment the majority report of the Joint Committee. No doubt, the amounts payable to a few companies in part 'A' of the Schedule have been increased but this increase besides not being very much of an improvement does not, as in the case of the original sums, reveal any basis. Moreover, there is absolutely no change in any of the substantive provisions of the Bill except for minor and inconsequential changes made in a few clauses. It is regrettable that the reasoned arguments of the many important and eminent witnesses who gave evidence before the Committee have made only a marginal impact if at all.

2. This particular Bill is historic only for its timing to which aspect I shall come later. By itself the Bill does not represent any kind of attack upon a prevailing system that requires to be changed in the interests of the people. It is not even designed to redress any specific grievance. The style and technique of the Bill are, in a way guilt-ridden and the conscience is sought to be solved by giving a fairer deal to the foreigner. As no one will accuse me of being a communist, I can, in a way, fall back upon Karl Marx to support my point that the Bill is no more than the environmental product which will always seek to prop up the image of the ruling class. There is too much of irrationality as to form a pattern. And there is too much of a pretence to conceal an unreasonable basis.

3. Coming to procedures, I would like to record my strong disapproval. The Insurance Bill affects a number of persons. Many representative associations and individuals had requested that they might be given an opportunity to give evidence before the Committee. But for some inexplicable reasons they have been denied the opportunity. This is not in consonance with democratic processes and is a grave injustice to them. Moreover, the Bill was at first rushed through the Joint Committee in a period of just four days which comprised three days of evidence and one day for clause-by-clause discussion. No general discussion was allowed. Only the semblance of consultation and discussion was gone through, so much so, that on second thoughts, it was felt that further discussion was necessary.

4. The next point I wish to refer to is of a constitutional nature. In a Bill of this kind where payments are sought to be made for the take over of a business, it is only appropriate that members of the Joint Committee should know on what basis the payments are being made to the insurance companies. Inspite of information being sought on the matter, Government did not care to prepare any background paper or take the members into confidence, even informally, in regard to their calculations with respect to either the original amounts fixed for all the companies or the revised amounts fixed later for a few companies. I cannot imagine how members can assent to a proposal the basis of which they do not know. I am of the opinion that the basis of payments should be spelt out in the Act itself. This is because that those who are dispossessing the property of the citizen and those who are dispossessed of their property should know the criterion on which the payments are made. The law maker as well as the citizen must be satisfied that there is no discrimination between different sections or groups of persons.

5. As Government had not indicated the basis either in the case of original sums proposed to be given or in the case of the revised amounts payable to some companies, one has to fall back on surmises. As for the latter amounts, I am still in the dark as to whether any basis can at all be thought of. However, the original amounts payable to Indian companies seem to have been fixed on the basis of nine times the average of the dividends paid during the years 1967—69 and foreign companies on the basis of nine times their net profits for the same period. This was grossly unfair and discriminatory. By no means can dividends be a criterion. In the absence of any formula for fixing the amounts for various companies, one can only come to the conclusion that this exercise by

way of the rule of the thumb method is wholly undemocratic. Nor is it right to assume that after the Constitution 25th Amendment Act whenever any industry or a business is taken over just any amount can be paid on the whim of Government and Parliament.

6. During the debate on the 25th Amendment Bill, the Prime Minister quoted with approval the late Shri Jawaharlal Nahru that "Any Parliament representing the entire community of the nation would certainly not commit a fraud on the Constitution and would be very much concerned with doing justice to the individual as well as to the community". What is contemplated under the Constitution Amendment Act is only that the dilatory processes of resort to a Court of Law should be done away with. The Prime Minister clearly conveyed that though the amounts fixed for acquiring property would not be justiciable. Parliament would not be unjust to the individual or to the society from whom the property is being acquired. The Constitution Amendment Act bars only judicial scrutiny. It does call for fair, reasonable, equitable and just payments being made on nationalisation so long as we believe in a democratic set up. Expropriation may be a natural order in an autocratic set up, but it is certainly an anathema to a free democracy.

7. It is important to realise, however belatedly that this Bill which comes in the wake of the Constitution 25th Amendment Act has a historic importance. It behoves us, therefore, firstly as members of the Joint Committee and then as members of Parliament to see that justice is done to those whose property or rights are taken. It should be remembered that there are over 40.000 shareholders of these companies who belong to the middle and lower income groups. 60 per cent of these persons have invested in shares worth only Rs. 2,000 to Rs. 3,000 of their lifes savings. It is they who will be affected. And over four hundred thousand middle class families who have invested in the Unit Trust of India may well face the same fate if wrong principles are accepted by Parliament. It will shake the confidence of the investors in industrial securities as much as in the justice of Parliament.

8. As I had stated earlier, no formula is discernible in respect of the revised amounts payable to some insurance companies. However, it seems that out of the total amount payable to all the insurance companies, nearly 50 per cent of it will be paid to Government insurance companies. In any event in regard to the amounts payable to the Indian insurance companies, there is discrimination *inter se* Indian insurers and also between Indian and foreign insurers. It was stated by several witnesses that the foreign insurers are in fact being paid more liberally, while justice demands that the Indian insurers should be paid more, because their assets and reserves are here within the country, while the foreign insurance companies remit their reserves except unexpired risk reserves and working funds. During the course of the evidence, witnesses had given several criteria on which reasonable payments may be made, such as, assets minus liabilities under Section 52J and Schedule VIII of the Insurance Act, 1938, capitalisation of net profits, net profits plus free reserves, etc. None of the suggestions has found favour with the majority members of the Joint Committee. This is perhaps to be expected because of the mood of the majority of the members and the manner in which the whole matter has been rushed through.

9. While on the question of the adequacy of the payments, I wish to state that there is a good deal of misunderstanding about what the reserves of an insurance company represent. No distinction is being made between free reserves and reserves for unexpired risks. One view is that the workers have a right to the reserves and that it is not entirely the shareholders money. This is not so. After the workers have been paid their wages and the bonus due to them, they have no more interest or claim on the profits of the company. It is also argued that the reserves should go to the new owners of the company. While introducing the motion to refer the Bill to the Joint Committee, the Finance Minister stated that public interest requires that general insurance should on nationalisation be in a position to offer fair premium rates to policy holders and that for this purpose, it is essential that it should not be deprived of the reserves which have been built up over the years out of past premia and which are necessary for the sound conduct of the business. There is little justification for this proposition. It was open to the companies to appropriate profits in whatever manner they liked and some companies in fact had liberally distributed dividends without caring for the long term interests of the company. On the otherhand, some had conserved their profits and taken a portion of them to free reserves in order to put the company on a sound and firm footing and enable it to offer better services. The appropriations to such reserves represent the shareholders equity. It is, therefore, fallacious to argue that these reserves do not belong to the shareholders and that they should really go with the acquired company.

10. Looked at from every point of view the assumption made and the basis of valuation adopted for the Indian companies do not bear scrutiny. While I would very much like that payments should be made on the assets minus liabilities basis, I am making here a very reasonable suggestion taking care that no discrimination is made between Indian and foreign insurers. While nine times the average profits has been adopted for payments to foreign insurers, I suggest that the payments to Indian insurance companies shall be 15 times the average net profits of the years 1969, 1970 and 1971. This has ample justification, Indian companies have their entire assets, general reserves, the unexpired risk reserves and all other funds available for utilisation in this country. On the other hand, the foreign companies retain in this country only the unexpired risk reserves and such working funds as they deem necessary. All other funds and profits are remitted to their own countries. Further, the Indian companies have a long record of competence and efficiency. Both in India and abroad they have over the years built up goodwill. They rave also a fine organisational set up, competent personnel and workers at all levels and big offices, all of which will be available to Government.

11. It is also appropriate that the net profits basis should not relate to years 1967, 1968 and 1969 which are unrealistic. After 1968, the insurance companies have been doing better and their performance was much better than in the previous years. Therefore, the years to be taken for this purpose should be 1969, 1970 and 1971.

12. The scheme of the Act is to set up the General Issurance Corporation of India as the apex body and to form four regional companies which will ultimately be subsidiaries of the Corporation. The functions of

the General Insurance Corporation of India will be to advise the companies in the matter of setting up sound practices and rendering efficient services to the holders of the policies of general insurance. These four regional companies will be formed by the amalgamation and merger of the existing insurance companies. My suggestion is that there should be four autonomous corporations instead of four companies which are intended to be subsidiaries of an apex body. If they are subsidiaries, they will be subject to the control of the apex body and so there is bound to be interference in day-to-day working and the autonomous functioning of the subsidiaries will not in reality obtain. There will not also be competition between the subsidiary companies which is the objective. The idea of competion being welcome, the set up should be four autonomous bodies working independently and in competition with each other. This will also result in better services to the policy holders with possibilities of reduction in premia rates and providing more employment opportunities.

13. Sub clause *(2)* of clause 13 states that where the amount is paid in instalments, each instalment will carry interest at the rate of 4 per cent per annum from the appointed day.

This is a very low rate of interest in the light of the pravailing interest rates. The current market rate of interest is more than 12 per cent. Companies declare about 8 per cent to 10 per cent dividend normally. Under the recent amendments to the Income-tax Act, for delayed payment of tax on the part of assessees and for delayed refunds on the part of Government, interest is payable at the rate of 12 per cent. I think it is only reasonable that at least 12 per cent interest should be paid on the instalments.

14. According to the provisions of the Bill, shareholders will be paid directly by the General Insurance Corporation. The insurance companies as such will not receive the amounts. Section 14(1) of the Bill, however, provides that the majority in number of the shareholders representing two-thirds in value of the amount payable to the insurance companies may agree at a meeting specially convened for the purpose that the amount payable instead of being distributed among the shareholders shall be given to any other person or body of persons as the members may nominate either at a meeting convened for the purpose or subsequently for the purpose of carrying on any business. In my opinion, the conditions are too rigorous. It should suffice if a majority in number of the shareholders representing 51 per cent in value of the amount payable to the insurance companies agree that the amounts payable to them may be given to any body of persons as they may nominate for the purpose of carrying on any business. In that case, the amounts payable to such of those shareholders who so agree should be capable of being given to the body of persons nominated. The other shareholders wanting the payment to be made to them directly should, however, be eligible to receive it. This, I believe, would serve the purpose of the clause, namely, that sizeable amounts can be made available to any body of persons for the purpose of carrying on any business useful for the society.

15. Finally, I would like to say that though the suggestion for protecting the interests of the staff of the Calcutta Claims Bureau has not been

incorporated in the Bill, I am glad that the majority report has taken due note of it.

16. I should like to conclude, as I began, that the entire scheme of the Bill, while seemingly revolutionary, centres round force that seeks to achieve maximum publicity with minimum offence to shibboleths that are cleverly concealed. One can go too far in this game. India, as a nation, is growing maturer in every field including economic capabilities. We are emerging as an exporter of capital and know-how. Our Government, from all accounts, is anxious to project, rightly, India's image abroad. I, for one, strongly feel that unless we treat our nationals in our own country fairly, we cannot convince other people, either in developing or developed countries, that our Government can look after the interests of Indians abroad.

17. My dissent, if I may say, is forward looking. I still hope that at the stage of discussion in both the Houses of Parliament, Government will accept all reasonable amendments that will remove the discriminatory and expropriatory character of the Bill for the good reasons that I have stated.

BABUBHAI M. CHINAI

NEW DELHI;
August 18, 1972.

V

I regret I have to submit a minute of dissent to an otherwise opportune piece of legislation.

As will be appreciated, especially in view of the statement in the preamble to the Bill that the Bill is intended *inter alia* "to ensure that the operation of the economic system does not result in the concentration of wealth to the common detriment", that Chapter IV of the Bill which deals with the "amounts to be paid for transfer and vesting of shares and undertakings" is one of the most important, if not the most important provisions of the Bill. The above mentioned guideline statement made in the preamble is again underscored in Clause 2 which is a declaration of the policy of the State in consonance with principles specified in clause (c) of Article 39 of the Constitution which I quote below:

> "That the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment".

The simple question is does the Bill as it stands in its final form, do justice to these lofty directives?

It is necessary to point out here that no sooner the Joint Committee commenced its deliberation of the Bill, more than one member, amongst whom I was one, expressed their desire to know the basis on which the amounts mentioned in parts A and B of the Schedule were arrived at. In fact it can be stated without any fear of contradiction that this problem

alone plagued the proceedings of the Committee from the beginning to the end. Again the most prolonged and the most weighty arguments were submitted during evidence and discussions on the question of the amount to be paid after the take over. The insistence on evolving a rational formula was rendered all the more necessary in view of the fact that after the 25th Amendment of the Constitution, the Parliament was expected to function in place of the Supreme Court. This implied that the Parliament must not decide the amount to be paid in lieu of compensation in an arbitrary manner but must decide on the basis of certain well-defined principles. We had also to bear in mind that this was going to be the first legislation after the passing of the 25th Amendment to the Constitution and any formulation we laid down in regard to the fixing of amounts to be given after a take over, would influence similar legislation in the future.

The original Schedule suffered from two evident defects: One, it failed to apply the same yardstick to the foreign and Indian Insurance Companies as regards the amounts to be paid. Two, it was also discriminatory to Indian companies *inter se*. It is most surprising that the amended Schedule also failed to remove the lacuna. It was as if a wrong turn was taken to start with and when the mistake was pointed out another wrong turn was taken to correct the first. The revised Schedule, I am sorry to say, is no less arbitrary. The only difference between the two Schedules is that the amended version shells out to the shareholders Rs. 5 crores and odd of the tax payers money in addition to what was stipulated in the original.

It was not as if no other formula was forthcoming in the Joint Committee. A suggestion was made that "an amount equal to five times the average of the net profit of the years 1967, 1968 and 1969" be given. This amendment if accepted would have furnished a firm and uniform basis. But it failed. The suggested multiple could have been changed but it would have at least provided a rational ground for calculating the amount. It was also suggested that an amount equal to the paid up capital should be given. It was also not found acceptable. However I would like briefly to state here the logic behind the latter amendment:

It is my firm opinion that if the directive principle inscribed in clause (C) of the Article 39 of the Constitution is to form the sheet anchor of our future economic policy, on element of expropriation becomes inevitable. The present economic fabric based on the principles of private property cannot be restructured without expropriatory measures which will have to be harsh in some cases and not so harsh in others. Even take-overs without compensation will be justified at certain times. But as the shareholders in the Insurance Companies generally are from the middle and lower middle class, a position more considerate is called for. On the other hand two facts should not be lost sight of. These shareholders have in many instances recovered fat dividends totalling to many times the face value of their shares and the prosperity their companies are today enjoying has become possible because of the unlimited scope for expansion assured by the unprecedented economic development during the last twenty years due to certain national policies. The huge reserves, the appreciation in value of assets like buildings were but the by-products of the general economic development in the urban as well as the rural areas. The memoranda submitted by the Insurance

companies have admitted that in the fortunes of their companies the most significant watershed was the attainment of Independence. The moral of the statement is plain, which is that had not the sacrifice and the suffering of the common man culminated in political freedom, the economic boom, enjoyed by the Insurance companies would have been such a manner that what was contributed by the nation goes back to absent. Is it not fair then to fix the amounts at the time of take-over in the nation, and what was originaly contributed by the shareholders is handed back to them? This is the line of reasoning behind the latter amendment.

As this amendment was not accepted, nor was any other firm logical basis for fixing the compensatory amounts was given, I am constrained to write this minute of dissent.

NEW DELHI; N. G. GORAY.
August 19, 1972.

VI

We are constrained to submit our note of dissent although we stand for nationalisation and hail Government's decision to take over General Insurance. Our stand throughout had been not to pay any amonut or compensation to foreign and Indian companies which are owned by the monopoly houses. It was argued on behalf of these companies that majority of the shareholders belong to middle classes and as such this amount will benefit those shareholders. We have not been provided with any statistics as to how many shareholders are solely depending on dividends for their livelihood. It is really a tragedy that these companies, both foreign and Indian, are getting this huge amount as a reward for mis-management, mal-practices and manipulations. Another sum of Rs. 5.2 crores has been added and thus the total amount now payable by the Central Government will be to the tune of Rs. 38.23 crores. It was originaly kept at Rs. 33, 03, 31, 399. It is said that this has been done in order to remove discrimination between the foreign and the Indian companies in the matter of payment of amount and to make same adjustments in the amounts specified in the schedule. This last hour amendment of the Schedule in order to benefit the Indian companies makes us suspicious that Government had ultimately yielded to the pressure of the big monopoly houses who control these companies. It would not be out of place to mention here that while nationalising Life Insurance Company in 1956, a sum of Rs. 5 crores was paid to 256 companies. In our opinion Government has totally ignored the purpose for which 25th Amendment of the Constitution was brought and passed in Lok Sabha by a massive majority. This decision of the Government has once again opened the flood gates and the monopoly houses have succeeded in getting their pound of flesh.

We also could not find any force in Government argument of having four companies. We still feel one autonomous corporation with zonal and divisional offices like Life Insurance Corporation, should have been the best solution. Establishment of four companies will result in top heavy administration and more bureaucratization. This, in our opinion, is against Government stand of reducing the top heavy administration.

We, therefore, feel that there should be only one autonomous Corporation.

We are thankful to the Finance Minister for his assurance that the employees of Calcutta Claims Bureau and like organisations will be absorbed and their interest will be fully protected. Government should have nationalised Calcutta Hospital and Nursing Home Benefit Association Limited and the Fire Salvage Services Association, Bombay and brought them within the purview of this Bill. The employees of Calcutta Claims Bureau should also have been brought within the purview of the Bill. We oppose clause 22 of the Bill which has been introduced because this would place the employees at the mercy of the Central Government. There is no reason why Central Government shoull acquire the right of control even with regard to what should ordinarily be routine matter. This provision is bound to create suspicion in the minds of the employees as these powers might be used not for *bonafide* purposes but for victimization. We hope this clause would be deleted.

In the end, we once again express our utter disappointment at the manner in which the quantum of amount has been increased to help those monopoly houses who are responsible for holding the country to ransom.

NEW DELHI; S. M. BANERJEE
August 19, 1972. BALACHANDRA MENON.

THE GENERAL INSURANCE BUSINESS (NATIONALISATION) BILL, 1972

ARRANGEMENT OF CLAUSES

CHAPTER VI

FUNCTIONS OF CORPORATION AND ACQUIRING COMPANIES AND THEIR MANAGEMENT

CLAUSES

CHAPTER VII

MISCELLANEOUS

Bill No. 60-B of 1972.

THE GENERAL INSURANCE BUSINESS (NATIONALISATION) BILL, 1972

(AS REPORTED BY THE JOINT COMMITTEE)

[*Words underlined or side-lined indicate the amendments suggested by the Committee; asterisks indicate omissions.*]

A

BILL

to provide for the acquisition and transfer of shares of Indian insurance companies and undertakings of other existing insurers in order to serve better the needs of the economy by securing the development of general insurance business in the best interests of the community and to ensure that the operation of the economic system does not result in the concentration of wealth to the common detriment, for the regulation and control of such business and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Twenty-third Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. This Act may be called the General Insurance Business (Nationalisation) Act, 1972. Short title.

Declaration as to the policy of the State.

2. It is hereby declared that this Act is for giving effect to the policy of the State towards securing the principles specified in clause (c) of article 39 of the Constitution.

Explanation.—In this section, "State" has the same meaning as in article 12 of the Constitution.

Definitions.

3. In this Act, unless the context otherwise requires,—

(*a*) "acquiring company" means any Indian insurance company and, where a scheme has been framed involving the merger of one Indian insurance company in another or the amalgamation of two or more such companies, means the Indian insurance company in which any other company has been merged or the company which has been formed as a result of the amalgamation;

(*b*) "appointed day" means such day, not being a day later than the 2nd day of January, 1973, as the Central Government may, by notification, appoint;

(*c*) "Companies Act" means the Companies Act, 1956; 1 of 1956.

(*d*) "Corporation" means the General Insurance Corporation of India formed under section 9;

(*e*) "existing insurer" means every insurer the management of whose undertaking has vested in the Central Government under section 3 of the General Insurance (Emergency Provisions) Act, 1971, 17 of 1971. and includes the undertaking of the Life Insurance Corporation in so far as it relates to the general insurance business carried on by it;

(*f*) "foreign insurer" means an existing insurer incorporated under the law of any country outside India;

(*g*) "general insurance business" means fire, marine or miscellaneous insurance business, whether carried on singly or in combination with one or more of them, but does not include capital redemption business and annuity certain business;

(*h*) "Government company" means a Government company as defined in section 617 of the Companies Act;

(*i*) "Indian insurance company" means an existing insurer having a share capital who is a company within the meaning of the Companies Act;

(*j*) "Insurance Act" means the Insurance Act, 1938; 4 of 1938.

(*k*) "Life Insurance Corporation" means the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956; 31 of 1956.

(*l*) "notification" means a notification published in the Official Gazette;

(*m*) "prescribed" means prescribed by rules made under this Act;

(*n*) "Schedule" means the Schedule to this Act;

(*o*) "scheme" means the scheme framed under section 16;

(*p*) words and expressions used in this Act but not defined herein and defined in the Insurance Act, shall have the meanings respectively assigned to them in that Act;

(q) words and expressions used in this Act but not defined herein or in the Insurance Act and defined in the Companies Act, shall have the meanings respectively assigned to them in the Companies Act.

CHAPTER II

TRANSFER TO PUBLIC OWNERSHIP OF GENERAL INSURANCE BUSINESS

Transfer of shares of Indian insurance companies

4. (1) On the appointed day all the shares in the capital of every Indian insurance company shall, by virtue of this Act, stand transferred to and vested in the Central Government free of all trusts, liabilities and encumbrances affecting them

(2) Out of the shares so transferred and vested, the Central Government shall, immediately thereafter, by notification, provide for the transfer of not less than ten shares of every such company to such persons as may be specified in the notification to enable the Indian insurance company to function a· a Government company.

(3) Every notification made under sub-section (2) shall specify the names and description of the persons to whom the shares are transferred and the particulars of the shares which are transferred to each such person.

(4) A copy of every notification made under sub-section (2) shall, as soon as may be after it is made, be sent by the Central Government to the concerned Indian insurance company, who shall, on receipt of such copy, and notwithstanding anything contained in the Companies Act or in its articles of association, forthwith rectify its register of members by including therein the persons mentioned in the notification as the holders of the shares specified therein.

(5) For the removal of doubts it is hereby declared that the transfer and vesting of shares effected under sub-section (1) shall not be deemed to affect any right of the Indian insurance company subsisting immediately before the appointed day against any shareholder to recover from him any sum of money on the ground that that shareholder has not paid or credited to the insurer the whole or any part of the value of the shares held by him or on any other ground whatsoever.

Transfer of undertakings of other existing insurers.

5. (1) On the appointed day, the undertaking of every existing insurer who is not an Indian insurance company shall stand transferred to and vested in the Central Government and the Central Government shall immediately thereafter provide, by notification, for the transfer to and vesting in such Indian insurance company, as it may specify in the notification, of that undertaking.

(2) Any notification made under sub-section (1) may provide that any of the undertakings aforesaid may be transferred to and vested in more than one Indian insurance company in such manner and subject to such conditions as may be specified in the notification.

Effect of transfer of undertakings.

6. (1) The undertaking of every such exi-ting insurer as is referred to in section 5 shall be deemed to include all assets, rights, powers, authorities and privileges and all property, movable and immovable, cash balances, reserve funds, investments and all other rights and interests in, or arising out of, such property as were immediately before the

appointed day in the ownership, possession, power or control of such existing insurer in relation to the undertaking, whether within or without India, and all books of accounts, registers, records and all other documents of whatever nature relating thereto, and shall also be deemed to include all borrowings, liabilities and obligations of whatever kind then subsisting of the existing insurer in relation to the undertaking.

(2) Unless otherwise expressly provided by this Act, all deeds, bonds, agreements, powers of attorney, grants of legal representation and other instruments of whatever nature subsisting or having effect immediately before the appointed day and to which any such insurer as is referred to in section 5 is a party or which are in favour of such existing insurer shall be of as full force and effect against or in favour of the Indian insurance company in which the undertaking or the part to which the instrument relates has vested and may be enforced or acted upon as fully and effectually as if, in the place of the existing insurer referred to in section 5, the Indian insurance company in which the undertaking or any part thereof has vested had been a party thereto, or as if they had been issued in its favour.

(3) If, on the appointed day, any suit, appeal or other proceeding of whatever nature in relation to any business of the undertaking which has been transferred under section 5 is pending by or against any such existing insurer as is referred to in that section, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking or of anything contained in this Act, but the suit, appeal or other proceeding may be continued, prosecuted and enforced by or against the Indian insurance company in which the undertaking or the part to which the proceeding relates has vested.

(4) For the removal of doubts it is hereby declared that in the case of a foreign insurer or, as the case may be, the Life Insurance Corporation, the provisions of section 5 and of the preceding sub-sections shall only apply to the extent to which any property appertains, in the former case, to the general insurance business carried on in India and, in the latter case, to the general insurance business carried on, whether within or without India, and to rights and powers acquired, and to debts, liabilities and obligations incurred and to contracts, agreements and other instruments made by the foreign insurer or the Life Insurance Corporation, as the case may be, for the purpose of such general insurance business and to legal proceedings relating to those purposes, and the said provisions shall be construed accordingly.

(5) If any question arises as to whether any property appertains to any such general insurance business as is referred to in this section or whether any rights, powers, liabilities or obligations were acquired or incurred or any contract, agreement or other instrument was made by the foreign insurer or the Life Insurance Corporation, as the case may be, for the purposes of any such business or whether any documents relate to those purposes, the question shall be referred to the Central Government which shall, after giving an opportunity of being heard to the persons interested in the matter, decide it in such manner as it thinks fit.

7. (1) Every whole-time officer or other employee of an existing insurer other than an Indian insurance company who was employed by that insurer wholly or mainly in connection with his general insurance business immediately before the appointed day shall, on the appointed day, become an officer or other employee, as the case may be, of the Indian insurance company in which the undertaking of that insurer or that part of the undertaking to which the service of the officer or other employee relates has vested, and shall hold his office or service under the Indian insurance company on the same terms and conditions and with the same rights to pension, gratuity and other matters as would have been admissible to him if there had been no such vesting, and shall continue to do so unless and until his employment in the Indian insurance company in which the undertaking or part has vested is terminated or until his remuneration, terms and conditions are duly altered by that Indian insurance company: Transfer of service of existing employees in certain cases.

Provided that nothing in this sub-section shall apply to any such officer or other employee who has given, in writing, notice to the Central Government or to any person nominated in this behalf by that Government before the appointed day intimating his intention of not becoming an officer or employee of the Indian insurance company in whom the undertaking or part thereof to which his service relates has vested.

(2) If any question arises as to whether any person was a whole-time officer or employee, or as to whether any officer or employee, was employed wholly or mainly in connection with the general insurance business of the existing insurer referred to in sub-section (1), *** immediately before the appointed day, the question shall be referred within a period of two years from the appointed day and not thereafter, to the Central Government which shall, after giving an opportunity of being heard to the person concerned in the matter, decide it in such manner as it thinks fit and such decision shall be final.

(3) Notwithstanding anything contained in the Industrial Disputes
14 of 1947. Act, 1947 or in any other law for the time being in force, the transfer of the services of any officer or other employee *** under sub-section (1) shall not entitle any such officer or other employee to any compensation under that Act or such other law, and no such claim shall be entertained by any court, tribunal or other authority.

8. (1) Where an existing insurer has established a provident, superannuation, welfare or any other fund for the benefit of his employees and constituted a trust in respect thereof (hereafter in this section referred to as an existing trust), the moneys standing to the credit of such fund on the appointed day, together with any other assets belonging to such fund, shall stand transferred to and vested in the Indian insurance company on the appointed day free from any such trust. Provident, superannuation welfare and other funds.

* * * * *

(2) Where all the employees of the Life Insurance Corporation or any other existing insurer do not become employees of an Indian insurance company, the monies and other assets belonging to any such fund as is referred to in sub-section (1), shall be apportioned between the trustees of the fund and the Indian insurance company in the prescribed manner; and in case of any dispute about such apportionment the decision of the Central Government thereon shall be final.

(3) Where the undertaking of an existing insurer has vested in more than one Indian insurance company, the Central Government may, by order, provide for the apportionment among such Indian insurance companies of monies and other assets belonging to any existing trust relating to that undertaking in such manner as in its opinion may be appropriate.

(4) The Indian insurance company shall as soon as may be after the appointed day constitute in respect of the moneys and other assets which are transferred to and vested in it under this section one or more trusts having objects as similar to the objects of the existing trusts as in the circumstances may be practicable.

(5) Where all the moneys and other assets belonging to an existing trust are transferred to and vested in an Indian insurance company under this section, the trustees of such trust shall, as from the appointed day, stand discharged from the trust, except as respects things done or omitted to be done before the appointed day.

CHAPTER III

GENERAL INSURANCE CORPORATION OF INDIA

Formation of General Insurance Corporation of India.

9. (1) As soon as may be after the commencement of this Act, the Central Government shall form a Government company in accordance with the provisions of the Companies Act, to be known as the General Insurance Corporation of India for the purpose of superintending, controlling and carrying on the business of general insurance.

(2) The authorised capital of the Corporation shall be rupees seventy-five crores, divided into seventy-five lakhs fully paid-up shares of one hundred rupees each, out of which rupees five crores shall be the initial subscribed capital of the Corporation.

(3) Notwithstanding anything contained in the Companies Act, 1956, 1 of 1956
it shall not be necessary to add the word "Limited" as the last word of the name of the Corporation.

Transfer to Corporation of shares vested in Central Government.

10. All the shares in the capital of every Indian insurance company which stand transferred to and vested in the Central Government by virtue of section 4 [with the exception of the shares transferred to any person under sub-section (2) of that section] shall, immediately after such vesting, stand transferred to and vested in the Corporation and every Indian insurance company shall forthwith give effect to such transfer of shares and rectify its register of members by including therein the Corporation as the holder of such shares.

CHAPTER IV

AMOUNTS TO BE PAID FOR ACQUISITIONS

Amounts to be paid for transfer and vesting of shares or undertakings.

11. (1) For the transfer of the shares of each Indian insurance company to, and vesting in, the Central Government, under section 4, there shall be paid by the Central Government to the Corporation, for distribution to the shareholders of each such company, the amount specified against such company in the corresponding entry under column (3) of Part A of the Schedule.

(2) For the transfer to, and vesting in, the Central Government, under section 5, of the undertaking of each existing insurer, who is not an Indian insurance company, there shall be paid by the Central Government to the Corporation, for payment to each such existing insurer,

the amount specified against such insurer in the corresponding entry under column (3) of Part B of the Schedule.

12. (*1*) The total amount paid by the Central Government under section 11 shall be treated as additional contribution to the subscribed capital of the corporation and such additional subscribed capital shall stand allotted to, and vested in, the Central Government. Disbursement of amounts by Corporation.

(*2*) The Corporation shall distribute the amount paid to it under section 11, to the shareholders of each Indian insurance company and to each existing insurer, who is not an Indian insurance company, in accordance with their rights and interests, and, if there is any doubt or dispute as to the right, or extent of the right, of any person to receive the whole or any part of such amount, refer such doubt or dispute to the Central Government for determination and thereafter act in accordance with the determination made by that Government.

(*3*) Save as otherwise provided in sub-section (*2*), the amount referred to in section 11 shall be given in accordance with the provisions of section 13, section 14 or section 15, as the case may be.

13. (*1*) Where the amount referred to in section 11 is to be given— Mode of payment.

(*a*) to the members of an Indian insurance company, the amount due to each such member shall be paid in full, where it does not exceed twenty-five thousand rupees, and where it exceeds twenty-five thousand rupees, each such member shall be paid twenty-five thousand rupees and the balance of the amount due to such member shall be paid to him in three equal annual instalments, the first of which shall fall due on the appointed day;

(*b*) to a foreign insurer, it shall be given to him in cash within three months from the appointed day;

(*c*) to the Life Insurance Corporation, it shall be given to it in three equal annual instalments, the first of which shall fall due on the appointed day;

(*d*) to an existing insurer who is a co-operative society, it shall be distributed as soon as may be after the appointed day in accordance with the rules of the society which will apply in case of dissolution of the society;

(*e*) to an existing insurer not falling within any of the foregoing provisions, it shall be apportioned by the acquiring company among the individual policy-holders of the insurer whose policies with that insurer were in force on the appointed day and were comprised in the undertaking of such insurer in proportion to the premiums paid by the policy-holders under such policies and every such payment shall be made either—

(*i*) in cash, to be sent by postal money order, or

(*ii*) at the option of the policy-holder, as a deduction in the premium due at the time of the renewal of the policy and such option shall be exercised by the policy-holder before the expiry of three months from the appointed day (or within such further time not exceeding three months as the Central Government may, on the application of the policy-holder, allow); and the

option so exercised shall be final and shall not be altered or rescinded after it has been exercised:

Provided that if any policy-holder fails to exercise his option within the time allowed, he shall be deemed to have exercised his option in favour of payment in cash by postal money order.

(2) Where any amount is payable whether in instalments or otherwise under the provisions of this section, the unpaid amount, where its payment has become due, shall carry interest at the rate of four per cent. per annum from the appointed day.

Amount payable to shareholders may be paid to named persons instead in certain cases.

14. (1) Notwithstanding anything contained elsewhere in this Act, if a majority in number of the persons, who, immediately before the appointed day, were registered in the books of an Indian insurance company as the members thereof, and representing two-thirds in value of the amount payable to the Indian insurance company, agree either in person or by proxy at a meeting specially convened for the purpose that the amount so payable instead of being distributed among the members, shall be given to any such person or body of persons as the members may nominate either at that meeting or subsequently for the purpose of carrying on any business, and the Central Government is satisfied that due provision has been or will be made for the payment of the value of their respective shares to persons who have dissented from the resolution, the amount may be given to the person or body of persons so nominated in such manner and subject to such conditions as the Central Government may think fit.

(2) No resolution passed at any such meeting as is referred to in subsection (1) held after the *** appointed day shall have any effect unless the meeting has been convened after obtaining the approval of the Central Government.

Payment into court in case of rival claims.

15. Where a claim to the amount payable under section 11 is made by two or more persons adversely to one another, the corporation may cause the amount to be deposited in any civil court having jurisdiction in that behalf and the court shall decide as to whom the payment shall be made.

CHAPTER V

SCHEME FOR REORGANISATION OF GENERAL INSURANCE BUSINESS

Schemes for mergers of companies, etc.

16. (1) If the Central Government is of opinion that for the more efficient carrying on of general insurance business it is necessary so to do, it may, by notification, frame one or more schemes providing for all or any of the following matters:—

(a) the merger in one Indian insurance company of any other Indian insurance company, or the formation of a new company by the amalgamation of two or more Indian insurance companies.

(b) the transfer to and vesting in the acquiring company of the undertaking (including all its business, properties, assets and liabilities) of any Indian insurance company which ceases to exist by reason of the scheme;

(c) the constitution, name and registered office and the capital structure of the acquiring company and the issue and allotment of shares;

(d) the constitution of a board of management by whatever name called for the management of the acquiring company;

(e) the alteration of the memorandum and articles of association of the acquiring company for such purposes as may be necessary to give effect to the scheme;

(f) the continuance in the acquiring company of the services of all officers and other employees of the Indian insurance company which has ceased to exist by reason of the scheme, on the same terms and conditions which they were getting or, as the case may be, by which they were governed immediately before the commencement of the scheme;

(g) the rationalisation or revision of pay scales and other terms and conditions of service of *** officers and other employees wherever necessary;

(h) the transfer to the acquiring company of the provident, superannuation, welfare and other funds relating to the officers and other employees of the Indian insurance company which has ceased to exist by reason of the scheme;

(i) the continuance by or against the acquiring company of legal proceedings pending by or against any Indian insurance company which has ceased to exist by reason of the scheme, and the initiation of such legal proceedings, civil or criminal, as the Indian insurance company might have initiated if it had not ceased to exist;

(j) such incidental, consequential and supplemental matters as are necessary to give full effect to the scheme.

(2) In framing schemes under sub-section (1), the object of the Central Government shall be to ensure that ultimately there are only four companies (excluding the Corporation) in existence and that they are so situate as to render their combined services effective in all parts of India.

(3) Where a scheme under sub-section (1) provides for the transfer of any property or liabilities, then, by virtue of the scheme, the property shall stand transferred to and vested in, and those liabilities shall be transferred to and become the liabilities of, the acquiring company.

(4) If the rationalisation or revision of any pay scale or other terms and conditions of service under any scheme is not acceptable to any officer or other employee, the acquiring company may terminate his employment by giving him compensation equivalent to three months remuneration, unless the contract of service with such employee provides for a shorter notice of termination.

Explanation.—The compensation payable to an officer or other employee under this sub-section shall be in addition to, and shall not affect, any pension, gratuity, provident fund or other benefit to which the employee may be entitled under his contract of service.

(5) Notwithstanding anything contained in the Industrial Disputes
14 of 1947. Act, 1947 or in any other law for the time being in force, the transfer of the services of any officer or other employee of an Indian insurance

company to the acquiring company shall not entitle any such officer or other employee to any compensation under that Act or other law, and no such claim shall be entertained by any court, tribunal or other authority.

(6) The Central Government may, by notification, add to, amend or vary any scheme framed under this section.

(7) The provisions of this section and of any scheme framed under it shall have effect notwithstanding anything to the contrary contained in any other law or any agreement, award or other instrument for the time being in force.

Schemes to be laid before Parliament.

17. A copy of every scheme and every amendment thereto framed under section 16 shall be laid, as soon as may be after it is made, before each House of Parliament.

CHAPTER VI

FUNCTIONS OF CORPORATION AND ACQUIRING COMPANIES AND THEIR MANAGEMENT

Functions of Corporation.

18. (*1*) The functions of the Corporation shall include—

(*a*) the carrying on of any part of the general insurance business, if it thinks it desirable to do so;

(*b*) aiding, assisting and advising the acquiring companies in the matter of setting up of standards of conduct and sound practice in general insurance business and in the matter of rendering efficient service to holders of policies of general insurance;

(*c*) advising the acquiring companies in the matter of controlling their expenses including the payment of commission and other expenses;

(*d*) advising the acquiring companies in the matter of the investment of their funds;

(*e*) issuing directions to acquiring companies * * * in relation to the conduct of general insurance business.

(*2*) In issuing any directions under sub-section (*1*), the Corporation shall keep in mind the desirability of encouraging competition amongst the acquiring companies as far as possible in order to render their services more efficient.

Functions of acquiring companies.

19. (*1*) Subject to the rules, if any, made by the Central Government in this behalf and to its memorandum and articles of association, it shall be the duty of every acquiring company to carry on general insurance business.

(*2*) Each acquiring company shall so function under this Act as to secure that general insurance business is developed to the best advantage of the community.

(*3*) In the discharge of any of its functions, each acquiring company shall act so far as may be on business principles and where any directions have been issued by the Corporation, shall be guided by such directions.

(4) For the removal of doubt it is hereby declared that the Corporation and any acquiring company may, subject to the rules, if any, made by the Central Government in this behalf, enter into such contracts of reinsurance or reinsurance treaties as it may think fit for the protection of its interests.

Balance of profit how to be utilised.

20. (1) After making provision for bad and doubtful debts, depreciation in assets, provident, superannuation, welfare and other funds, debts due to Government and all other matters for which provision is necessary under any law or which are usually provided for by insurance companies, every acquiring company shall distribute the balance of profit as dividends.

(2) Any profit made by the Corporation and any sums received by the Corporation by way of dividends or otherwise shall be dealt with by it in such manner as may be prescribed.

Interim provisions for management of Indian insurance companies

21. (1) Notwithstanding anything contained in the Companies Act, or in the memorandum and articles of association of any Indian insurance company, on and from the appointed day and until a new board of directors of the Indian insurance company is duly constituted, the management of the company shall continue to vest in the Custodian in charge of the management of the undertaking of that company immediately before the appointed day by virtue of the provisions contained in the
17 of 1971. General Insurance (Emergency Provisions) Act, 1971, and the Custodian shall be entitled, subject to such directions as the Central Government may issue in this behalf, to exercise all the powers and do all acts and things as may be exercised or done by the company or by its board of directors.

(2) Nothing contained in sub-section (1) shall be deemed to prevent the Central Government from appointing any other person to take charge of the management of the undertaking of any Indian insurance company during the period referred to in that sub-section if for any reason it becomes necessary so to do, and any person so appointed may exercise all the powers and do all acts and things which a Custodian may exercise or do under sub-section (1).

(3) The Custodian referred to in sub-section (1) and the person appointed under sub-section (2) shall be entitled to such salaries and other allowances as the Central Government may specify in this behalf and shall hold office during the pleasure of the Central Government.

Power of Central Government to transfer employees.

22. The Central Government may at any time transfer any officer or employee from an acquiring company or the Corporation to any other acquiring company or the Corporation, as the case may be, and the officer or employee so transferred, shall continue to have the same terms and conditions of service as were applicable to him immediately before such transfer.

Power of Central Government to issue directions

23. The Corporation and every acquiring company shall, in the discharge of its functions, be guided by such directions in regard to matters of policy involving public interest as the Central Government may give.

CHAPTER VII

MISCELLANEOUS

Acquiring companies to have the exclusive privilege of carrying on general insurance business.

24. (1) Except to the extent expressly provided in this Act, on and from the appointed day, the Corporation and the acquiring companies shall have the exclusive privilege of carrying on general insurance business in India.

(2) Subject to the provisions of section 36, any certificate of registration granted under the Insurance Act to any insurer other than an insurer referred to in sub-section (1) shall, on and from the appointed day, cease to have effect:

Provided that nothing in this sub-section shall apply to the carrying on by the Life Insurance Corporation of life insurance business and capital redemption and annuity certain business.

Properties in India not to be insured with foreign insurers except with permission of Central Government.

25. (1) No person shall take out or renew any policy of insurance in respect of any property * * * in India or any ship or other vessel or aircraft registered in India with an insurer whose principal place of business is outside India save with the prior permission of the Central Government.

(2) If any person contravenes any provision of sub-section (1), he shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to one thousand rupees, or with both.

Acquiring companies and income-tax.

26. For the purposes of the Income-tax Act, 1961, every acquiring company shall be deemed to be an Indian company and a company in which the public are substantially interested. 43 of 1961

Power to reduce amounts of insurance in certain cases.

27. An acquiring company may, having regard to its financial condition on the 13th day of May, 1971 or the financial condition on the said date of any existing insurer whose undertaking has been transferred to and vested in it under this Act reduce the liabilities which have arisen under contracts of general insurance entered into before the said date in such manner and subject to such conditions as it thinks fit:

Provided that no such reduction shall be made except in accordance with specific proposals made by the acquiring company in this behalf and approved by the Central Government.

Right of acquiring company to seek relief in respect of certain transactions.

28. (1) Where an existing insurer has at any time within five years before the 13th day of May, 1971—

(a) made any payment to any person without consideration,

(b) sold or disposed of any property of the insurer without consideration or for an inadequate consideration,

(c) acquired any property or rights for an excessive consideration,

(d) entered into or varied any agreement so as to require an excessive consideration to be paid or given by the insurer,

(e) entered into any other transaction of such an onerous nature as to cause a loss to, or impose a liability on, the insurer exceeding any benefit accruing to the insurer,

and the payment, sale, disposal, acquisition, agreement or variation thereof or other transaction was not reasonably necessary for the pur-

pose of the general insurance business of the insurer or was made with an unreasonable lack of prudence on the part of the insurer, regard being had in either case to the circumstances at the time, the acquiring company may apply for relief to the court in respect of such transaction, and all parties to the transaction shall, unless the court otherwise directs, be made parties to the application.

(2) The court may make such order against any of the parties to the application as it thinks just having regard to the extent to which those parties were respectively responsible for the transaction or benefited from it and all the circumstances of the case.

(3) Where an application is made to the court under this section in respect of any transaction and the application is determined in favour of the acquiring company, the court shall have exclusive jurisdiction to determine any claim outstanding in respect of the transaction.

* * * * *

Duty to deliver possession of property and documents relating thereto

29. (1) Where any property appertaining to an existing insurer has been transferred to and vested in an Indian insurance company under section 5,—

(a) every person in whose possession, custody or control any such property may be, shall deliver the property to the Indian insurance company forthwith,

(b) any person who immediately before such vesting has in his possession, custody or control any books, documents or other papers relating to an existing insurer shall be liable to account for the said books, documents and papers to the Indian insurance company, and shall deliver them to that company or to such person as that company may direct.

(2) In particular, all the assets of an existing insurer appertaining to the undertaking held in deposit by the Reserve Bank of India under the Insurance Act or by trustees in trust shall be delivered to the Indian insurance company.

(3) Without prejudice to the other provisions contained in this section, it shall be lawful for each Indian insurance company to take all necessary steps for taking possession of all properties which have been transferred to and vested in it under this Act.

Penalty for withholding property, etc.

30. If any person wilfully withholds or fails to deliver to an Indian insurance company as required by section 29 any property or any books, documents or other papers which may be in his possession or unlawfully retains possession of any property of an existing insurer which has been transferred to and vested in an Indian insurance company under section 5 or wilfully applies any such property to purposes other than those expressed in or authorised by this Act, he shall, on the complaint of the Indian insurance company, be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to one thousand rupees, or with both.

Officers and employees of Corporation or of acquiring companies to be public servants.

31. Every officer or other employee of the Corporation or of an acquiring company shall be deemed to be a public servant for the purposes of Chapter IX of the Indian Penal Code. 45 of 1860.

Indemnity.

32. Every officers of the Central Government and every officer or other employee of the Corporation and of any acquiring company shall be indemnified by the Central Government or the Corporation or the acquiring company, as the case may be, against all losses and expenses incurred by him in, or in relation to, the discharge of his duties under this Act except such as have been caused by his own wilful act or default.

Dissolution of Corporation and acquiring companies.

33. No provision of law relating to the winding up of companies shall apply to the Corporation or to an acquiring company, and neither the Corporation nor any such company shall be placed in liquidation save by order of the Central Government and in such manner as it may direct.

Reference to existing insurer in other laws

34. Any reference to an existing insurer in any law other than this Act or any contract or other instrument shall, in so far as it relates to an acquiring company, be construed as a reference to that company.

Application of Insurance Act.

35. Subject to such exceptions, restrictions and limitations, if any, as the Central Government may, by notification, specify in this behalf, the Insurance Act shall apply to or in relation to the Corporation and every acquiring company as if the Corporation or the acquiring company, as the case may be, were an insurer carrying on general insurance business within the meaning of that Act.

Exemptions.

36. (1) Nothing contained in this Act shall apply in relation to—

(a) any general insurance business carried on by a State Government, to the extent to which such insurance relates to properties belonging to it or undertakings owned wholly or mainly by the State Government; or to properties belonging to semi-government bodies, or any Board or body corporate established by the State Government under any statute or any industrial or commercial undertaking in which the State Government has substantial financial interest, whether as shareholder, lender or guarantor;

(b) any general insurance business not falling within clause (a) which has been carried on by a State Government before the commencement of this Act, to the extent to which it is necessary to allow such business to run off:

Provided that nothing contained in this clause shall be deemed to authorise the State Government to issue any new policies or renew any existing policies;

(c) any insurer whose business is being voluntarily wound up or is being wound up by a court;

(d) the insurance business carried on by the Calcutta Hospital and Nursing Home Benefits Association Limited;

(e) the insurance business carried on by the Export Credit and Guarantee Corporation Limited and the Deposit Insurance Corporation established under section 3 of the Deposit Insurance Corporation Act, 1961; 47 of 1961.

(f) any scheme in existence immediately before the 14th day of May, 1971 or any scheme framed after the said day with the

approval of the Central Government for the insurance of crops or of cattle or of flood risks or of war or emergency risks.

(2) If the Central Government is satisfied that an insurer, whether established before or after the appointed day, carries on only such general insurance business as is not carried on ordinarily by insurers, it may, by notification, direct that nothing contained in this Act shall apply to such insurer.

Vacancies, etc., not to invalidate proceedings.

37. No act or proceeding of the Corporation or of an acquiring company shall be called in question merely on the ground of the existence of any vacancy in, or defect in the constitution of, the Corporation or the company.

Protection of action taken in good faith.

38. No suit, prosecution or other legal proceeding shall lie against any officer of the Central Government or officer or other employee of the Corporation or of the acquiring company for anything which is in good faith done or intended to be done under this Act.

Power to make rules.

39. (*1*) The Central Government may, by notification, make rules to carry out the provisions of this Act.

(*2*) In particular, and without prejudice to the generality of the foregoing power, rules made under this section may provide for—

* * * * *

(*a*) the manner in which the profits, if any, and other moneys received by the Corporation may be dealt with;

(*b*) the conditions, if any, subject to which the Corporation and the acquiring companies shall carry on general insurance business;

(*c*) the terms and conditions subject to which any reinsurance contracts or treaties may be entered into;

(*d*) the form and manner in which any notice or application may be given or made to the Central Government;

(*e*) the reports which may be called for by the Central Government from the Corporation and the acquiring companies;

(*f*) any other matter which is required to be, or may be, prescribed.

(3) Every rule made under this section and every notification issued under section 35 shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or notification or both Houses agree that the rule or notification should not be made, the rule or notification shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or notification.

Omission of section 14 of Act 17 of 1971.

40. Section 14 of the General Insurance (Emergency Provisions) Act, 1971, is omitted.

THE SCHEDULE

(*See* section 11)

Amounts to be paid

PART-A

Serial Number	Name of Indian insurance company		Amount to be paid
(1)	(2)		(3)
			Rs.
1	All India General Insurance Company Ltd.		10,00,000
2	Anand Insurance Company Ltd.	Preference Shares	3,50,000
		Equity Shares	2,00,000
3	Bhabha Marine Insurance Company Ltd.		54,448
4	Bharat General Reinsurance Ltd.	Preference Shares	8,18,000
		Ordinary Shares	13,49,844
5	British India General Insurance Company Ltd.		37,50,000
6	Calcutta Insurance Limited		7,49,442
7	Central Mercantile Assurance Company Ltd.		3,38,499
8	Clive Insurance Company Ltd.		26,12,600
9	Commonwealth Assurance Company Ltd.		1,000
10	Concord of India Insurance Company Ltd.		39,77,100
11	Devkaran Nanjee Insurance Company Ltd.		16,80,000
12	General Assurance Society Ltd.		8,06,000
13	Hercules Insurance Company Ltd.		87,48,000
14	Hindusthan General Insurance Society Ltd.		15,52,500
15	Hindusthan Ideal Insurance Company Ltd.		25,20,605
16	Howrah Insurance Company Ltd.		975
17	Hukumchand Insurance Company Ltd.		10,00,000
18	India Reinsurance Corporation Ltd.		2,05,02,200
19	Indian Guarantee & General Insurance Company Ltd.		1,95,69,760
20	Indian Mercantile Insurance Company Ltd.		50,33,195
21	Indian Merchants' Marine Insurance Company Ltd.		2,28,753
22	Indian Ocean Insurance Company Ltd.		1,00,000
23	Indian Trade & General Insurance Company Ltd.		61,21,200
24	Jalanath Insurance Ltd.		10,42,955
25	Jupiter General Insurance Company Ltd.		26,24,445
26	Kalyan Marine Insurance Company Ltd.		1,79,880
27	Liberty Insurance Company Ltd.		1,000
28	Madras Motor and General Insurance Company Ltd.		1,77,69,600
29	Madura Insurance Company Ltd.	Preference Shares	700
		Ordinary Shares	15,83,900
		Deferred Shares	12,500

Serial Number	Name of Indian insurance company		Amount to be paid
(1)	(2)		(3)
			Rs.
30	Marine & General Insurance Company Ltd.		8,95,300
31	Mother India Fire & General Insurance Company Ltd.		7,44,345
32	Motor Owners' Insurance Company Ltd.		1,65,575
33	Naranji Bhanabhai & Company Ltd.		49,200
34	Narhari Marine Insurance Company Ltd.		2,36,400
35	National Insurance Company Ltd.		60,58,150
36	Neptune Assurance Company Ltd.		10,00,000
37	New Great Insurance Company of India Ltd.		43,50,000
38	New India Assurance Company Limited		8,20,37,678
39	New Merchants Insurance Company Ltd.		68,912
40	New Premier Insurance Company Ltd.		1,21,110
41	Northern India General Insurance Company Ltd.		998
42	Oriental Fire & General Insurance Company Ltd.		2,43,98,000
43	Pandyan Insurance Company Ltd.		90,00,000
44	Pioneer Fire & General Insurance Company Ltd.		11,82,610
45	Porbandar Insurance Company Ltd.		59,194
46	Prachi Insurance Company Ltd.		21,375
47	Ruby General Insurance Company Ltd.		1,38,74,000
48	Shree Mahasagar Vima Company Ltd.		1,18,252
49	South India Insurance Company Ltd.		60,63,000
50	Sterling General Insurance Company Ltd.	Preference Shares	23,000
		Ordinary Shares	16,08,139
51	Triton Insurance Company Ltd.		47,07,180
52	United India Fire & General Insurance Company Ltd.		21,39,991
53	Universal Fire & General Insurance Company Ltd.		24,71,618
54	Vanguard Insurance Company Ltd.		896
55	Vulcan Insurance Company Ltd.		32,49,617

PART-B

Serial Number	Name of insurer	Amount to be paid
(1)	(2)	(3)
		Rs.
1	Co-operative Fire & General Insurance Society Ltd.	18,69,000
2	Co-operative General Insurance Society Ltd.	5,93,000
3	Indian Mutual General Insurance Society Ltd.	1,40,000
4	Life Insurance Corporation of India	2,81,34,000
5	Millowners' Mutual Insurance Association Ltd.	12,89,000
6	Orissa Co-operative Insurance Society Ltd.	2,83,000
7	Reinsurance Association of India (International) Ltd.	13,000
8	Union Co-operative Insurance Society Ltd.	37,60,000

Serial Number	Name of insurer	Amount to be paid
(1)	(2)	(3)
		Rs.
9	Alliance Assurance Company Ltd.	36,65,000
10	American Insurance Company	3,30,000
11	Atlas Assurance Company Ltd.	64,85,000
12	Baloise Insurance Company Limited	22,67,000
13	British Aviation Insurance Company Ltd.	1,000
14	Caledonian Insurance Company	81,000
15	Century Insurance Company Ltd.	6,04,000
16	Commercial Union Assurance Company Ltd.	85,20,000
17	Eagle Star Insurance Company Ltd.	37,12,000
18	Gerling Global Reinsurance Company Ltd.	1,000
19	Great American Insurance Company	3,81,000
20	Guardian Assurance Company Ltd.	19,98,000
21	Hanover Insurance Company	42,13,000
22	Hartford Fire Insurance Company	2,96,000
23	Home Insurance Company	3,73,000
24	Legal & General Assurance Society Ltd.	5,28,000
25	Liverpool and London and Globe Insurance Company Ltd.	8,23,000
26	London Assurance	12,30,000
27	London Guarantee & Accident Company Ltd.	40,000
28	London & Lancashire Insurance Company Ltd.	47,70,000
29	L'Union Fire, Accident and General Insurance Company Ltd.	1,000
30	National Employers' Mutual General Insurance Association Ltd.	3,17,003
31	National Insurance Company of New Zealand Ltd.	1,000
32	New Hampshire Insurance Company	19,08,000
33	New Zealand Insurance Company Ltd.	10,84,000
34	Norwich Union Fire Insurance Society Ltd.	31,43,000
35	Phoenix Assurance Company Ltd.	2,63,000
36	Provincial Insurance Company Ltd.	1,000
37	Queensland Insurance Company Ltd.	10,31,000
38	Royal Exchange Assurance	49,62,000
39	Royal Insurance Company Ltd.	73,28,000
40	Scottish Union & National Insurance Company	43,15,000
41	Skandia Insurance Company Ltd.	1,000
42	South British Insurance Company Ltd.	18,42,000
43	Sun Insurance Office Ltd.	25,86,000
44	Switzerland General Insurance Company Ltd.	6,35,000
45	Threadneedle Insurance Company Ltd.	1,000
46	Tokio Marine & Fire Insurance Company Ltd.	92,000
47	Union Insurance Society of Canton Ltd.	5,89,000
48	United Scottish Insurance Company Ltd.	83,000
49	Welfare Insurance Company Ltd.	1,000
50	Western Assurance Company	13,92,000
51	Yorkshire Insurance Company Ltd.	16,31,000
52	Zurich Insurance Company Ltd.	1,000

S. L. SHAKDHER,

Secretary.

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